

1 HERZLICH, BLUM & ROZA, LLP  
2 Attorneys-At-Law

3 27240 TURNBERRY LANE, SUITE 200  
4 VALENCIA, CALIFORNIA 91355  
5 Telephone (818) 783-8991

6 Allan Herzlich State Bar #100920  
7 Jerome J. Blum State Bar #100317  
8 Marta Roza State Bar #307206

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10 Attorneys for Plaintiff

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12 UNITED STATES BANKRUPTCY COURT

13 CENTRAL DISTRICT OF CALIFORNIA

14 In re: ) BK NO. 2:24-bk-18523-BB  
15 LI WAN; ZANPEI XU, ) ADV NO. 2:25-ap-01009-BB  
16 ) Chapter 7  
17 Debtors. )  
18 )  
19 STUBBS ALDERTON & MARKILES, LLP, a ) FIRST-AMENDED COMPLAINT TO  
20 California limited liability partnership, ) DETERMINE AMOUNT OF DEBT AND  
21 Plaintiff, ) TO DETERMINE THE DEBT TO BE NON-  
22 vs. ) DISCHARGEABLE/  
23 ) DENY DISCHARGE  
24 )  
25 LI WAN, an individual aka Margaret Xu; )  
26 ZANPEI XU, an individual aka Heim Xu; and )  
27 DOES 1 through 10, inclusive, )  
28 Defendants. )

29 TO THE HONORABLE JUDGE OF THE BANKRUPTCY COURT:

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31 AS AND FOR A SEPARATE CLAIM OF RELIEF, PLAINTIFF ALLEGES:

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33 1. Plaintiff, STUBBS ALDERTON & MARKILES, LLP (hereafter, "SAM"), is a  
34 creditor of the above-named debtors: LI WAN (also known as Margaret Xu; hereafter, "WAN")

1 and ZANPEI XU (also known as Heim Xu; hereafter “XU”). In addition, SAM is a creditor of  
2 Wisetex Apparel, LLC (hereafter “WISETEX;” a California limited liability company managed by  
3 including, but not limited to, Debtor/Defendant XU).

5                   2. Defendants WAN and XU, of 424 Arcadia Drive, San Pedro, CA 90731, are the  
6 Debtors in the above-captioned proceedings.

8                   3. This is an action under 11 USC §523(a)(2) and/or (a)(4); 11 USC  
9 §523(c) for a determination excepting the debt due to Plaintiff from discharge. This Court has  
10 jurisdiction of this action under 28 USC §1334, and this Complaint constitutes a core proceeding.

12                   4. The above-referenced debt is a result of Defendants' fraudulent inducement of a  
13 contract, whereby the Debtors/Defendants and Wisetex Apparel, LLC (their business) procured  
14 services from Plaintiff without any real intent to pay for all of same, but instead intended to pretend  
15 the business would fail, while in fact shifting assets to themselves and/or other businesses run by  
16 the Debtor(s) individually and/or with others.

18                   5. Defendants filed a Petition for Relief under Chapter 7 of Title 11 of  
19 the United States Code in the United States Bankruptcy Court for the Central District of  
20 California, and the Defendants listed this debt to Plaintiff as a liability of WAN, XU and Wisetex  
21 Apparel, LLC. In the Petition, Defendants represented that, “Debtors are in the process of shutting  
22 down Wisetex Apparel LLC and have accordingly budgeted no revenue, profit, or compensation  
23 from the limited liability company.”

25                   6. Defendants knew at the time of making the above-referenced representations that  
26 they had no intention of paying Plaintiff for all of the services and falsely and fraudulently, for the  
27 purpose of deceiving Plaintiff, promised to do so.

28 | //

1                   7. By reason of said actions, which will be described in greater detail below,  
2 Debtors/Defendants were able to deceive Plaintiff into entering into said transaction. The Plaintiff  
3 was unaware that the representations of Defendants were false and fraudulent and, justifiably  
4 relying on said representations as being true, determined to deliver/provide services to the  
5 Debtors/Defendants and Wisetex Apparel, LLC. Had the Plaintiff known said representations were  
6 untrue, it would not have provided said services to Debtors/Defendants and/or to Wisetex Apparel,  
7 LLC.

8  
9                   8. Obviously, all debts were not paid (i.e., the Debtors/Defendants listed the debt  
10 described herein in their Schedules). On information and belief, Plaintiff alleges that the  
11 Debtors/Defendants have failed to explain, satisfactorily, any losses of assets or deficiency of  
12 assets, to meet their liabilities.

13  
14                 9. Plaintiff alleges on information and belief that the Debtors/Defendants sold and  
15 conveyed various assets/items of Wisetex Apparel, LLC's property to persons (and, likely,  
16 themselves) or firms unknown to Plaintiff without receiving in exchange therefor fair and adequate  
17 consideration.

18  
19                 10. Plaintiff alleges on information and belief that, each such asset and/or item of  
20 business property transferred and/or sold was worth in excess of the consideration, if any, received.  
21 The transfer(s) and/or sale(s) made by the Debtors/Defendants under the circumstances as related  
22 herein is contrary to the bankruptcy statutes and the Debtors' discharge should be denied for the  
23 reason that at each such time either Debtor transferred, removed, concealed or sold property/assets  
24 was with the intent to hinder, delay or defraud creditors and/or otherwise constituted a voidable  
25 transfer under appropriate laws.

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27                 11. Plaintiff alleges, on information and belief, that Debtors/Defendants  
28 engaged, planned and participated in maneuvers that would ultimately place them in a position to

1 attempt to, under the penalty of perjury, declare that, “Debtors are in the process of shutting down  
2 Wisetex Apparel LLC and have accordingly budgeted no revenue, profit, or compensation from the  
3 limited liability company.”

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5                   12. Specifically, and to wit, an entity known as “For Love & Thread Apparel  
6 Corp.” filed a Complaint in the Los Angeles Superior Court against WISETEX and Defendants  
7 WAN and ZU in May of 2021, Case Number 21LBCV00277. That action is still considered/listed  
8 as “pending,” but stayed, based on the Bankruptcy filing in this Court (Case No. 2:24-bk-18523-  
9 BB).

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11                   13. Plaintiff alleges, on information and belief, that Debtors/Defendants, having  
12 been threatened by “For Love & Thread Apparel Corp” with a lawsuit and anticipated that a  
13 judgment would be entered in that regard, and against them. So, Plaintiff alleges, on information  
14 and belief, that in an effort to hinder, defraud and/or delay Plaintiff in the collection of the sums  
15 accruing and that would be ultimately owed to Plaintiff by Defendants WAN and ZU, they formed  
16 an entity (and/or entities) in April of 2021, and thereafter, and transferred their personal assets,  
17 and/or WISETEX’s assets, to various entities named with the beginning phrases of “All in Love.”  
18 Plaintiff respectfully represents that the exact name of the transferee(s) will be flushed out during  
19 discovery (which is why “Does” have been named in this Complaint). There are, at least, two  
20 entities that fall under the premise of possible transferees: “All In Love Apparel, Corp.” (an entity  
21 formed in New York in May of 2021 – and not March of 2021 as indicated in the Petition – and  
22 which was not registered in California until November of 2021), and, “All In Love Thread, Inc.”  
23 (an entity formed in California in late April of 2021 – the entity that was added by “For Love &  
24 Thread Apparel Corp” as a Doe to Los Angeles Superior Court Case Number 21LBCV00277. That  
25 case type is listed as “Contractual Fraud.” On information and belief, Plaintiff represents that  
26 Defendants WAN and ZU have denied an ownership interest in “All in Love Thread, Inc.” –  
27 despite Defendant ZU being listed as the incorporator, agent for service, CEO, Secretary, CFO and  
28 Director.

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2       13. In addition, Plaintiff alleges, on information and belief, that Debtors/Defendants  
3 have not been truthful with this Court. Their petition (filed in October of 2024) lists WISETEX as  
4 their “employer” since 2017, whereas the Statement of Information filed by WISETEX in July of  
5 2023 indicates that Debtor/Defendant XU is the Manager or Member, as well as the Agent for  
6 Service of Process. The initial filing in 2017 similarly indicated that Debtor/Defendant XU was the  
7 Agent for Service of Process; as the Court is undoubtedly aware the initial filing with the Secretary  
8 of State does not require details as to management/membership.

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10     14. Respectfully, and essentially, the Court has *sua sponte* raised concerns about the  
11 initial pleading and asked that it be shored up. In that regard, “[U]ncertain allegations should be  
12 liberally construed in the testing of a complaint for adequacy ..., particularly where the facts as to  
13 which the complaint is uncertain are presumptively within the knowledge of the defendant.” *Childs*  
14 *v. State of California* (1983) 144 CA3d 155, 160. Here, that knowledge of the Debtors/Defendants  
15 is (but not limited to) what their intentions were, the entities and actions utilized to facilitate said  
16 intent, etc.. Discovery can be used for clarification, and will only be sustained where defendants  
17 cannot reasonably determine what issues or claims are stated. *Khoury v. Maly's of Calif. Inc.*  
18 (1993) 14 CA4th 612, 616; Weil & Brown, Cal. Prac. Guide: Civ. Proc. Before Trial (The Rutter  
19 Group, 2014) ¶ 7:85 The ambiguous facts presumptively are within the knowledge of the  
20 demurring party.” *Bacon v. Wahrhaftig* (1950) 97 CA2d 599, 605.

21  
22     15. As a direct and foreseeable result of false and fraudulent statements of and/or  
23 intentional actions and failures to act of Defendants, and by reason of Plaintiff's relying on the  
24 truthfulness of the same Plaintiff has been damaged in the sum of \$215,239.32, plus interest  
25 thereon at the maximum legal rate from September 30, 2022.

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27           WHEREFORE, Plaintiff prays for Judgment as follows:  
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1. That the Court determine the amount of debt in a sum according to proof, but no less than \$215,239.32;
2. That the Court determine that the debt referenced above is a debt which may be excepted from discharge, after notice and hearing, under 11 USC §523(a)(2) and/or 11 USC §523(a)(4) and 11 USC §523(c);
3. That the day and date be set for hearing to determine the amount of debt and the non-dischargeability of said debt;
4. For costs herein expended;
5. For an order directing that Writs of Execution and Attachment issue against the Defendant for the amount of Plaintiff's Judgment plus interest; and
6. For such other relief to which the Plaintiff may be entitled.

DATED: May 23, 2025

Respectfully submitted,  
HERZLICH, BLUM & ROZA, LLP

By: MARTA ROZA